

Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

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| Student: | Vojtěch Korbélius |
| Advisor: | Jaromír Baxa |
| Title of the thesis: | Determinants of FDI flows in Europe: The Recent Evidence |

OVERALL ASSESSMENT (provided in English, Czech, or Slovak):

The diploma thesis studies the determinants of FDI flows in Europe. Initially, the intention has been to identify the winners and losers of changes in the dynamics in FDI's in Europe however the results did not allow to make such statements so Vojtěch decided to change the title of the thesis. While it has been changed elsewhere, including SIS, it remained unchanged on the first page of the thesis. But things like this happen sometimes. Otherwise, the thesis is carefully written and prepared, I know Vojtěch spend quite a lot of time with proof reading and corrections of the final text so I know that the mistake in the title is not a symptom of careless approach to diploma thesis.

While the numerous literature on determinants of FDI inflows identified dozens of potential variables, Vojtěch decided to use Bayesian model averaging to handle most of the variables that appear repeatedly in the literature to choose the most relevant ones. Conventional panel regression is used as a sensitivity check. Furthermore, the most recent data available in times of writing were utilized. Thus, the author is able to evaluate changes in the dynamics of FDI since the Great Recession and the European debt crisis.

The results imply that the main difference between the times before and after the Great Recession is that while before the Great Recession it has been the size of market in host countries that determined FDI's inflow while recently, the growth prospects started to be considered as the other decisive factor. This result is quite in line with economic intuition.

On the critical side, the BMA could handle much larger dataset in comparison to the number of variables collected by the author, nevertheless even in this case a broad range of indicators is included and the choice of potential regressors is described quite well. Furthermore, I have some reservations in section 5.4 as the concept of potential FDI is not defined persuasively.

Finally, the thesis is carefully prepared, sufficient amount of literature is reviewed and overall, it meets the criteria of well-prepared diploma thesis.

SUMMARY OF POINTS AWARDED (for details, see below):

| CATEGORY | POINTS |
|---|---------------|
| <i>Literature</i> (max. 20 points) | 20 |
| <i>Methods</i> (max. 30 points) | 25 |
| <i>Contribution</i> (max. 30 points) | 25 |
| <i>Manuscript Form</i> (max. 20 points) | 15 |
| TOTAL POINTS (max. 100 points) | 85 |
| GRADE (1 – 2 – 3 – 4) | 1 |

NAME OF THE REFEREE: Jaromír Baxa

DATE OF EVALUATION: February 2, 2016



Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

Strong Average Weak
20 10 0

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

Strong Average Weak
30 15 0

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

Strong Average Weak
30 15 0

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

Strong Average Weak
20 10 0

Overall grading:

| TOTAL POINTS | GRADE | | |
|--------------|----------|----------------|---------------------------|
| 81 – 100 | 1 | = excellent | = výborně |
| 61 – 80 | 2 | = good | = velmi dobře |
| 41 – 60 | 3 | = satisfactory | = dobře |
| 0 – 40 | 4 | = fail | = nedoporučuji k obhajobě |